To Applicants to the Medicare Partnerships for Quality Services Demonstration (formerly called the Medicare Participating Centers of Excellence Demonstration):
Several hospitals have requested clarification regarding allowable physician payment plans. Physician incentive packages must meet existing legal requirements, including the Stark rules. However, a recent ruling by the Department's Office of the Inspector General (OIG ruling # 01-01; January 18, 2001) states that, under certain circumstances, such payments may be allowable. Under the umbrella of a demonstration, there may be more flexibility in what is allowed as there will be an independent evaluation and ongoing monitoring of data on the quality of care. We are working with the OIG to clarify standards for determining what types of incentive plans might be allowed and will work with selected sites regarding specific concerns they may have.

The project team has issued the following statement in response to inquiries regarding how strictly **physician volume requirements** will be considered during the application review process, and whether physicians who do not meet the requirements will be allowed to participate should their hospital be selected.

"We want to clarify that HCFA views a center of excellence as a totality -- hospital facility, physician staff and non-physician staff. To the extent that this "team" meets the volume requirements (hospital and physician), its application will tend to be viewed more favorably. In other words, applications that meet the criteria as stated will be given preference in their review. While we do not wish to discourage any hospital from applying for the demonstration, hospital and physician volumes will be significant factors in the evaluation process, and programs should consider how closely they come to meeting all of the stated criteria when considering whether to undertake the effort to complete an application.

If a hospital chooses to apply, and if all of the physicians do not meet the requirements at its site, you should provide an explanation (e.g., new staff, split clinical/administrative responsibilities, physicians practicing at more than one facility, etc.), along with the requested data on the application.

In addition, once a hospital is selected for the demonstration, all physicians at that hospital, regardless of procedure volume, will be required to participate. Thus it is important to have the acknowledged support of all physicians in the relevant specialty groups included as part of your application."

Cardiovascular Application, Table on p. 46 and Orthopedic Application, Table on p. 50.
Lines 1 and 5 are just headers. The information should go in the lines below specific to the type of contract (does it apply to hospital services only, physician services only, or both). Line 9 (capitation payments) really should have had the same bullets below. In lieu of that, just put the same type of descriptive information in the one box on line 9.

Cardiovascular Application, Table 4, p. 16.
The "N/As" in catheterization should match PCIs.

Cardiovascular Application, Table 5, p. 26.
The heading to this section was cut off. This section refers to "Emergency Room Visits" (The first two sections of this table on the previous page refer to Discharge Destination & Readmissions).

When counting procedures for the Cardiovascular application, the implants coded under DRGs 104 & 105 are not counted. Use the procedure codes given in the front of the application. However, these services are covered under the demonstration and the historic payment information breaks them out separately.

Cardiovascular Application, Table 2, p. 10 (Under Percutaneous Cardiac Interventions).
When categorizing procedures by number vessels, count all PCIs. The line below the "Total PCIs" (labeled "Involving stents") should reflect a subset of the total PCIs.